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USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM
ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

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E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION:
SANTEK COMPANY LTD.

REF: A) USDOC 01595

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Export Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) and Special Agent (SA) John McKenna conducted a Post Shipment Verification (PSV) at Santek Company Ltd. (Santek Hong Kong), Flat E, 9F, Block 2, Tsui Lai Garden, Sheung Shui, Hong Kong. This PSV

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concerned two KD-300 probes valued at USD 2,235 classified under ECCN 2B006. ECCN 2B006 items are controlled for national security (NS) and anti-terrorism (AT) reasons and may be controlled for nuclear nonproliferation (NP) reasons. The exporter is MTI Instruments of Albany, N.Y.

¶3. On August 22, the ECO and SA McKenna visited Santek Hong Kong at the address above. The ECO and SA met with Emily Yen, Santek's representative in Hong Kong for the past four years. Ms. Yen was open and cooperative and stated that Santek Hong Kong operates as an importer for goods into Hong Kong that are then transshipped to the parent company (Santek) in China (Santek China). Ms. Yen deals primarily with Santek's office in Shenzhen.

¶4. Ms. Yen further stated that Santek China handles all necessary paperwork for ordering items from the United States, to include providing the documentation required to obtain appropriate U.S. export authorizations.

¶5. Ms. Yen informed the ECO and SA McKenna that all items shipped from the United States that are ordered by Santek China for delivery to Santek Hong Kong are forwarded on to Santek China. Ms. Yen also informed the ECO and SA McKenna that part of the reason transactions are handled in this manner is that it is easier for the items to be sent to Hong Kong before being forwarded on to China. This is, in part, because it is sometimes difficult to obtain export licenses for them.

¶6. Ms. Yen indicated that Santek only sells to Universities and that she was not familiar with the commodities that were the subject of this PSV. Ms. Yen

was also not aware of the end-use of the applicable items.

¶7. Ms. Yen provided copies of the purchase order and invoice related to the sale of two KD-300 probes to Hanin Industrial University in China that are the subject of this PSV. She provided an additional MTI invoice (number 0960543 dated August 16, 2006) reflecting shipment of an additional two KD-300 probes on August 16, 2006. The invoice further states that the ECCN of these items is 2B006 and the customer is Tsinghua University. Ms. Yen stated that she did not

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engage in a dialogue with anyone from MTI concerning the above sale, or any other sale made to Santek by MTI since all paperwork, to include sales and forwarding arrangements, are handled by Santek China.

¶8. Ms. Yen stated that the only other US firm from which Santek China makes purchases is a firm based in New Jersey doing business as Banner (a "Banner" logo is located on the Santek China web page: santek.com.cn). She also stated that the arrangement to receive commodities ordered by Santek from Banner was the same as with MTI meaning that Santek China handled the ordering and shipping and the items would then be sent to Santek Hong Kong for forwarding to China.

¶9. Given the information currently available to the ECO and given that the primary role that Santek Hong Kong serves is to move US origin goods to China from Hong Kong, this ECO recommends that this PSV be categorized as unfavorable.
Cunningham